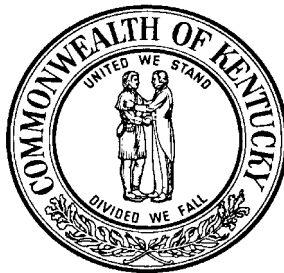


**REPORT OF THE AUDIT OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES**

July 11, 2002



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the Wayne County Sheriff's Settlement - 2001 Taxes.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Wayne County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure

**AUDIT EXAMINATION OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES**

July 11, 2002

Berger & Ross, PLLC
Certified Public Accounts and Fraud Examiners
800 Envoy Circle
Louisville, KY 40299-1837
(502) 499-9088
Fax: (502) 499-9132

400 Democrat Drive
Suite 2107
Frankfort, KY 40601
(502) 695-7353

EXECUTIVE SUMMARY

**AUDIT EXAMINATION OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES**

July 11, 2002

Berger & Ross, PLLC has completed the audit of the Sheriff's Settlement - 2001 Taxes for Wayne County Sheriff as of July 11, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$3,543,087 for the districts for 2001 taxes. The Sheriff distributed taxes of \$3,392,944 to the districts for 2001 Taxes. Taxes of \$2 are due to the districts from the Sheriff and refunds of \$169 are due to the Sheriff from the taxing districts.

Deposits:

The Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 2001 TAXES.....	3
NOTES TO FINANCIAL STATEMENT	5
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	9



(502) 499-9088
800 Envoy Circle
Louisville, Kentucky 40299-1837

(FAX) (502) 499-9112
Email: lrnsrscue@msn.com
Internet: www.lrnscue.com

Attention:
Wayne County Sheriff's Office
Attention: Mr. Wayne A. Ramsey
200 West Main Street, 2nd Floor
Louisville, KY 40202
Phone: (502) 574-1234
Fax: (502) 574-1235
E-mail: wayne@wayne.ky.gov

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the Wayne County Sheriff's Settlement - 2001 Taxes as of July 11, 2002. This tax settlement is the responsibility of the Wayne County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Wayne County Sheriff's taxes charged, credited, and paid as of July 11, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Bruce Ramsey, Wayne County Judge/Executive

Honorable James L. Hill, Wayne County Sheriff

Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
September 20, 2002

WAYNE COUNTY
JAMES L. HILL, SHERIFF
SHERIFF'S SETTLEMENT - 2001 TAXES

July 11, 2002

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 345,478	\$ 499,564	\$ 1,652,216	\$ 580,044
Tangible	43,172	45,018	112,442	128,830
Intangible				28,295
Fire Acreage	5,219			
Additional and Supplemental Bills	214	297	1,097	387
Clay, Oil, and Limestone, Sand, and Gravel				
Reserves	193	267	870	323
Bank Franchise Taxes	39,826			
Correcting Erroneous Tax Assessments	181	262	890	304
Penalties and Interest	2,807	3,943	12,824	4,926
Franchise Corporation Taxes	41,172	43,292	106,065	
Gross Chargeable to Sheriff	<u>\$ 478,262</u>	<u>\$ 592,643</u>	<u>\$ 1,886,404</u>	<u>\$ 743,109</u>
<u>Credits</u>				
Exonerations	\$ 3,690	\$ 5,001	\$ 15,401	\$ 7,164
Delinquents	8,323	11,970	38,486	15,454
Unpaid Franchise Taxes	78	80	241	
Discounts	6,588	7,974	25,842	11,039
Total Credits	<u>\$ 18,679</u>	<u>\$ 25,025</u>	<u>\$ 79,970</u>	<u>\$ 33,657</u>
Net Tax Yield	\$ 459,583	\$ 567,618	\$ 1,806,434	\$ 709,452
Less: Commissions*	<u>19,820</u>	<u>24,081</u>	<u>72,257</u>	<u>30,439</u>
Taxes Due Districts	\$ 439,763	\$ 543,537	\$ 1,734,177	\$ 679,013
Less: Taxes Paid	439,369	542,951	1,804,560	678,321
Less: Refunds (Current & Prior Year)	409	599	2,014	691
Add: Commission Refunds From School To Sheriff			<u>72,257</u>	
		**	***	
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ (15)</u>	<u>\$ (13)</u>	<u>\$ (140)</u>	<u>\$ 1</u>

*, **, and *** See Page 4

WAYNE COUNTY
 JAMES L. HILL, SHERIFF
 SHERIFF'S SETTLEMENT - 2001 TAXES
 July 11, 2002
 (Continued)

*Commissions:	10% on	\$	10,000
	4.25% on	\$	1,709,603
	4% on	\$	1,823,484

**Special Taxing Districts:		
Library District	\$	(5)
Extension District		(3)
Health District		(5)
Soil Conservation District		1
Ambulance District		<u>(1)</u>
Due Districts or (Refunds Due Sheriff)	\$	<u><u>(13)</u></u>

***School Districts:		
Common School	\$	(74)
Monticello Independent		<u>(66)</u>
Due Districts or (Refunds Due Sheriff)	\$	<u><u>(140)</u></u>

The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

July 11, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue, which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 4, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
July 11, 2002
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2001. Property taxes were billed to finance governmental services for the year ended June 30, 2002. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 12, 2001 through May 31, 2002.

Note 4. Interest Income

The Wayne County Sheriff earned \$1,164 as interest income on 2001 taxes. As of September 20, 2002, the Sheriff owes interest to the Common School district of \$104, the Monticello Independent district of \$10, and the Fee Account of \$113 for a total of \$227.

Note 5. Sheriff's 10% Add-On Fee

The Wayne County Sheriff collected \$22,726 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Wayne County Sheriff collected \$746 of advertising costs allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Bob Ross, MBA, CPA, CFE
Todd A. Berger, CPA

(502) 499-9088
800 Envoy Circle
Louisville, Kentucky 40299-1837

FAX: (502) 499-0137
Email: bsrescue@aol.com
Internet: www.bsrescue.com

Member
American Institute of Certified Public Accountants (AICPA)
Association of Certified Fraud Examiners (ACFE)
Association of Certified Financial Planners (AICPA)
Association of Certified Financial Planners (AICPA)
Association of Certified Financial Planners (AICPA)
Association of Certified Financial Planners (AICPA)

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Wayne County Sheriff's Settlement - 2001 Taxes as of July 11, 2002, and have issued our report thereon dated September 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Sheriff's Settlement - 2001 Taxes as of July 11, 2002 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -
September 20, 2002

